

TO: (Name, office symbol, room number, building, Agency/Post) 1. <i>SSA/DOA</i> 2. <i>EO/DOA</i> 3. 4. 5. 	Initials <i>RAT</i> 	Date 10 JUL 1981
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REMARKS

Suspense: 14 July

1-2: Love it!

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REMARKS

*Karen,
Please hold.*

J

DDA REGISTRY

FILE: 04M-2-1

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REMARKS DD/A 81-1308

1&2: For your action as requested in the attached memo from the IG. Should you have any comments, pls forward them in a blind memorandum format to the EO/DDA by 9 July.

Distribution:

0 - DDA Subj w/att
 1 - D/F w/att
 1 - D/L w/att
 1 - EO Chrono w/o att
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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Draft Report - Study of Agency Boards of Review

FROM:

Charles A. Briggs
Inspector General

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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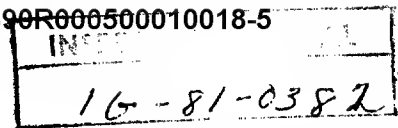
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19 JUN 1981

81-1308

MEMORANDUM FOR: Deputy Director for Administration

FROM : Charles A. Briggs
Inspector General

SUBJECT : Draft Report
Study of Agency Boards of Review

1. Attached are two copies of the inspection team's draft report on our Study of Agency Boards of Review.

2. Please review these drafts for accuracy and substance, I would like to receive any clarification you may have by July 10, prior to my forwarding the report to the Director. We plan to incorporate your comments, as appropriate, into the final report. In the event of irreconcilable disagreement your comments will accompany the report.

3. I am forwarding a copy of the draft report to the Director of Personnel because of his interest in certain parts of the report.

4. Should any of your officers wish to discuss the report with the inspection team, they may contact [redacted]

Charles A. Briggs

Attachments: a/s

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81-1308

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ADD

DRAFT

OFFICE OF INSPECTOR GENERAL
INSPECTION REPORT

STUDY OF AGENCY BOARDS OF REVIEW
OF THE
DIRECTORATE OF ADMINISTRATION

JUNE 1981

Distribution:

DRAFT

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STUDY OF AGENCY BOARDS OF REVIEW

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Chapter 1

INTRODUCTION

In March 1981 a team of inspectors was formed to study the policies and procedures of four boards of review whose deliberations directly affect Agency employees.

- The Headquarters Claims Review Board determines the amount of money which may be paid to an employee who suffered the loss of personal property incident to service.

- The Headquarters Survey Review Board determines the pecuniary liability of an employee responsible for the loss of or damage to Government property.

- The Board of Review (for Overages and Shortages) advises the Director of Finance on the disposition of cash overages and shortages, pecuniary liability if appropriate, procedural changes if applicable and revisions to regulations and handbooks when needed.

- The Overpayments Review Board determines whether an overpayment of salary or allowances to an employee can be waived or must be refunded.

The purpose of the study was to examine the boards' policies, authorities, composition and performance. Some senior managers expressed concern about the continued need for the boards and their effectiveness. Others were concerned about the frequency with which board decisions later were overturned when the employee filed a grievance with the Office of Inspector General. Most managers were determined to be fair to the employee within the bounds prescribed by their accountability as Government officials. Some however, expressed personal reservations as to just how far they should lean in giving the employees the benefit of the doubt.

During our study, we interviewed all incumbent and many former board members as well as many Agency officials who have a direct impact on board proceedings. We talked with employees directly affected by the board's conclusions. We consulted with officials

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in the Departments of State and Defense to learn about their policies and procedures. Finally, we contacted representatives in the private sector to learn of their practices, particularly in the area of employee benefits and claims related to personal property. All with whom we made contact were extremely cooperative and helpful.

Topics of overall concern are discussed in the chapter on General Observations. Specific and detailed information on each of the boards is discussed in separate chapters.

This report offers as its only recommendation that the Deputy Director for Administration and the Director of Personnel give serious consideration to all of the suggestions made in this report.

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Chapter 2

GENERAL OBSERVATIONS

Need for the Boards

We asked most people with whom we spoke if there still was need for boards. The answer was a resounding yes. We agree. The boards provide a control mechanism through which the application of laws and Agency regulations can be completed. When operating properly, they foster goodwill and maintain high morale by providing an understanding forum through which an employee can protect his interests. They provide a buffer between the immediate and personal concerns of an employee and what the employee might consider arbitrary and capricious decisions by a manager.

The key point in review board adjudication is that every employee, no matter the outcome of his case, should be completely satisfied that the process permitted an objective presentation of the facts and that the board's conclusions and recommendations follow logically from that presentation. Goodwill flows from accepted procedures uniformly and consistently applied. Conversely, ill will flows from the reality or perception of ill-defined procedures irregularly and inconsistently applied.

Agency regulations name those components which are to furnish review board membership and the secretariat.* In general we find acceptable the constitution of the boards. Most people with whom we spoke also agree that the composition of the boards was appropriate. Some did suggest that at least one member of each board should have overseas experience. We agree.

*Includes board chairman and full and part time assistants.

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Most members serve on a board as an additional duty to their principal position and for no fixed term. This can result in a frequent rotation of board members. Individual case files are preserved by the boards and the minutes of Overpayments Review Board and Board of Review meetings are retained. But little else is available to assist the new board member or to refresh the old. Some senior managers believe inconsistency exists due to lack of continuity. These inconsistencies can be alleviated by having written procedures and policies.

Procedures and Policies

In addition to prescribing membership and dollar thresholds of approval, Agency regulations provide some general guidance as to the conduct of the boards. But specific guidance as to the processes through which the boards take action is unclear and limited. The boards, primarily through the secretariat, conduct either investigations or reviews. The Overpayments Review Board and Board of Review are advisory. Their final product is a recommendation to the Director of Finance. The chairman of the Claims Review Board and Survey Review Board is authorized to take final action on certain claims and to advise on others.

The boards operate informally under chairmen who can exercise considerable power. It is the chairman who presents the case to the board. It is the chairman who ensures that appropriate information is gathered. It is the chairman who provides most continuity to the board.

We have no quarrel with the exercise of power by the chairman, but we believe that not enough of his work is codified. This could be remedied by preparing written guidance for each board in the form of a procedures manual. Each manual, which would supplement the regulations, should in some detail describe the process to be followed in

conducting the board's business. The manual should be specific enough to brief new members on what is expected of them and ought to identify specifically the kind of information which must be obtained before the board can make a recommendation. The manual ought to illustrate typical as well as precedent-setting cases and be updated periodically.

Closely related to our suggestion for procedural manuals is the need to establish policy so that each of the boards can best balance individual and institutional equities. This policy, which must be based on law, should be derived from senior management. It is needed to ensure consistency of application and to avoid domination by a single member or small group, seeking to impose personal views on the others.

Several board members said they personally have questioned the circumstances and validity of some employees' claims. Their doubts evolved apparently after a number of experiences with claims which appeared, at least to the board member, to be exaggerated or the result of poor judgment by the claimant. While skepticism is an integral part of a review board process, it should be grounded on some basis other than possible differences in personal judgments between the claimant and the board member.

Senior management policy can be articulated in considered responses to such questions as:

1. What is the purpose of the boards: are they control mechanisms to ensure public funds are not squandered, or are they to protect the employee against having to absorb undue financial loss owing to the circumstances of his employment or both?

2. Shall the board operate as the keeper of the public purse and demand strict adherence to every detail in the regulation?

3. Should reasonable doubts be resolved automatically in favor of employee?

4. Should employees involved in financial shortage and overages cases be presumed negligent until proven otherwise as is currently the case?

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5. Should employees automatically have the right to appeal board decisions? If some boards do not advise employees of this right, is the Agency legally vulnerable to a private law suit?

6. Should the appeal system ensure that a disinterested party is automatically included in a rehearing of a case? If the same people who originally judged the case restudy it, does this constitute bias against the employee?

Appeals

The seemingly simple appeals process is a topic of major disagreement among board members, some supervisors, and management. The views on the subject range from a desire to deny the employee any right at all to appeal to the belief that every employee has a right to appeal any decision. As a result not all employees are aware of their right to appeal an adverse decision.

The more assertive employees, some board members argue, are willing to appeal to the highest level and more often than not get relief. Other employees, who are less aggressive by nature and who presume the system treated them fairly, do not appeal. Some perceive this as a double standard and charge that it is unhealthy. In a worst case scenario, two situations with identical facts could result in opposite decisions solely due to the personal nature of the claimants. We do not share the view that "squeaky wheels" have created an imbalance in the system. The decision to appeal must rest with the employee. The important thing, from an organizational point of view, is that each employee be aware of his right to appeal, not whether he chooses to exercise his right.

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Chapter 3HEADQUARTERS CLAIMS REVIEW BOARDBackground

The Headquarters Claims Review Board (HCRB) processes and adjudicates claims against the U.S. Government for personal property that is lost, damaged, or destroyed during official or operational assignments.

Authorities to settle claims are authorized under the Military Personnel and Civilian Employees Claims Act of 1964, as amended, and the Central Intelligence Agency Act of 1949, as amended. The pertinent CIA regulation is HR updated in January 1979, which sets forth the policy, responsibilities, and procedures for the processing, investigation, review, settlement, and appeal of personal property claims. This regulation relies heavily on Department of the Army regulation AR 27-20 for general guidance in the settlement of claims.

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The board consists of a chairman, a senior officer in the Office of Logistics; a representative of the Directorates of Administration (DA), Operations (DO), Science and Technology (DS&T), National Foreign Assessment Center (NFAC), and the Office of the Director of Central Intelligence; a claims review officer; and a part-time secretary who sometimes assists the claims review officer. The Office of General Counsel (OGC) unit assigned to the Office of Logistics (OL) provides legal advice to the board and its secretariat. The claims review officer position is full-time; the chairman spends 50 percent of his time on claims work. Board members estimate their duties take about 2 to 5 percent of their time.

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in 1980 was \$2,188. A number of claims adjudicated in 1980
were in most cases more costly than the average.**

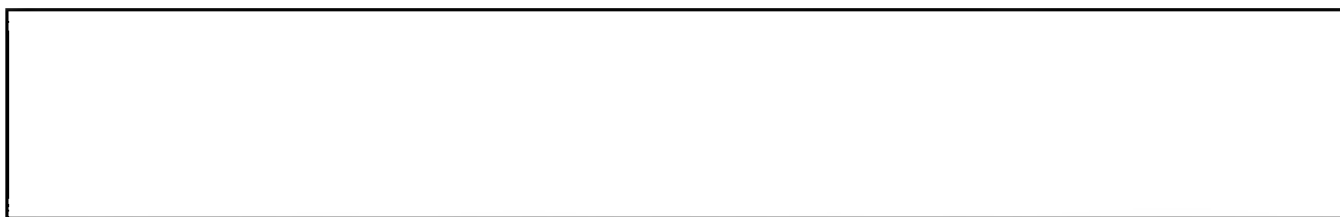
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Personal property claims under \$100 are settled by the chiefs of
overseas installations.*** All other claims must be submitted to the HCRB. After
investigation and review by the claimant's division or office, they are forwarded to the
HCRB with appropriate comment and recommendations.

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Upon receipt, the claims review officer determines if the loss is incident to
service, that there was no negligence, and if possession of the property is reasonable and
proper under the circumstances. The claim is then evaluated and the value of goods
determined by actual replacement cost or application of a standard
appreciation/depreciation formula. If the value of an item or items exceeds certain
limitations listed in AR 27-20, the excess is disallowed. The claims review officer's
findings and recommendations are forwarded to the chairman who settles those up to
\$1,000 on his own, with or without the advice of the board's legal advisors. Claims
between \$1,000 and \$5,000 require the approval of the chairman, after discussion with
the legal advisors, and the consent of the DDA representative and the member for the

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***The board in late April proposed that the limitation be raised to \$300. We endorse
the board's proposal and further suggest that the limitation be adjusted annually for
inflation.

claimant's directorate. Claims between \$5,000 and the legal maximum of \$15,000 require review by all board members and final approval by the DDA. If a board decision is not unanimous, the majority opinion, accompanied by the dissenting view, is forwarded to the DDA for final determination.

Appeals are submitted to the DDA, who assigns them to the claims review officer and the board chairman for reconsideration. Their findings* are returned to the DDA with a recommendation for approval or denial. If the claimant is not satisfied with the DDA's ruling, he may appeal to the Director of Central Intelligence (DCI) through the Office of Inspector General (OIG). The OIG report, with recommendations, is sent to the DCI for final action.

The current board meets irregularly as a group. Business is generally conducted via interoffice mail. Most claims that require action by selected members or the board as a whole are forwarded to them with a request that they review the accompanying documentation and approve or disapprove the claims officer's recommendation.

About 60 percent of 1980 claims were handled exclusively by the claims review officer and the board chairman; the full board met on less than 25 percent of the claims submitted. The remainder were settled by the chairman and appropriate board members. The chairman schedules meetings of the board when policy or a particularly complex claim need to be discussed. This normally works out to about one meeting a quarter, according to board members.

*Of seven appeal cases in CY 1980, four were approved in whole or in part and three were denied.

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Findings and Conclusions

Policy

The Agency, in accordance with the 1964 Claims Act, relies heavily on the Department of Army guidelines in the settlement of claims. The policy for many years has been to follow the military's lead in claims work to avoid making the Agency appear it was setting itself apart from other government agencies. As a result, the Agency has rigorously adhered to the Army's payment limitations on various property categories, e.g. paintings, stereo, jewelry.* The Agency exceeded these limitations in special circumstances—[redacted] when they were not compatible with its needs. [redacted]

The majority of board members we talked with thought it was time to take a new, bolder tack. The Agency they said, can no longer afford to neglect its own interests. Several members regarded a responsive claims system as an integral part of any overall Agency program to increase morale and to maintain a first-class overseas operational cadre. We agree.

The 1964 Claims Act, apart from requiring adherence to a few statutory limitations, permits civilian agencies to tailor their claims systems to suit their needs. OGC has ruled that the DCI has such authority and as noted above, the Agency has acted unilaterally on occasion. The Department of State follows a policy that suits its particular needs and raises category limitations independently.

The first step in structuring a claims system to Agency needs is to have a clear operating philosophy to guide the HCRB in its deliberations. This must be done at the

*Agency, Department of State, and military personnel involved in claims work agree current Army category limitations are too low and should be raised as soon as possible. See Tab A for a Table of Maximum Allowances.

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DCI-DDCI level. Claims work often involves varying emotions and subjective judgments. Personal attitudes, and lifestyle preferences sometimes clash, often subconsciously, with organizational goals. Lacking firm guidance and direction from top management, the philosophy of a board sometimes is established by a chairman or small group of members. In other instances, the result is drift and uncertainty. Thus, we suggest that the DCI and DDCI, in consultation with senior advisors, establish in writing the operating philosophy of the HCRB. This should serve as the basis of the board's deliberations in initial claims adjudication and in appellate actions. In establishing an operating philosophy, the questions beginning on page 5 of Chapter 2 should be among those considered.

The next step is to identify those policy areas the Agency wishes to alter. These changes can be accomplished through revisions that will not make our system appreciably different than the military and will be generally consistent with Department of State policy. The current HCRB, rather than a special task force, is the logical choice for this in view of the members' experience, background, and familiarity with the claims process. We therefore suggest that the DDA task the HCRB to review HR [] and recommend appropriate revisions. We believe any revision of HR [] should:

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- designate the board as the focal point for action on claims matters, with responsibility for reviewing and recommending policy changes, alerting senior management to existing or anticipated problems and advising senior management when an appellate ruling constitutes a change in policy. (This last point is discussed in more detail later in this chapter under the section entitled Appeal Process.) The board has shied away from doing so because it did not think it had the authority. Senior management, on the other hand, cannot resolve problems or questions of policy that are not brought to its attention.
- determine if the DDCI rather than the DCI should be the final authority on claims grievance cases.
- clarify as precisely as possible those terms used in claims work—incident to service, official duty, negligence, reasonable possession of property, and multiple claims—which are subject to varying interpretations.

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- ensure that category limitations, the major element of a claims system, are realistic, in step with operational and organizational needs, and current. The claims review officer should advise the board when category limitations require change.

The Agency should clearly define the extent of financial protection afforded temporary duty (TDY) travelers. We find there are differing policies among government organizations regarding TDY. The Department of State limits coverage to events or acts that occur during official working hours. As a result, their TDY employees are seldom reimbursed for losses that occur during weekends, mealtimes, or after normal Embassy working hours. The military is more liberal, reasoning they have a responsibility to any individual serving outside his "home environment." Military claims officers normally honor claims for theft that occur after normal duty hours, provided negligence or improper conduct is not involved.

This issue came to our attention when Office of Security personnel complained about TDY morale problems. They noted that claims submitted by security technicians for watches and money stolen from hotel rooms or in street robberies were being rejected on grounds that the losses were not incident to service. Upon checking, we found that the claims review officer was recommending reimbursement for losses incurred only during official working hours. We polled the chief support officers of various components, the board members, and a cross section of Agency employees on this issue. All of those questioned believed employees should be reimbursed for losses incurred while on TDY, provided negligence and impropriety were not involved. Most people, including board members, took the position that TDY travelers seldom adhere to regular duty hours, often working for extended periods of time and during weekends, and therefore deserve round-the-clock protection. We reported this to board members who subsequently recommended that the Agency adopt a more liberal policy. We were advised recently, however, that some members of the board were having second thoughts and that the recommendation was being reconsidered.

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Given the large number of TDY assignments, the increasing crime rate throughout the world, the difficulty in getting personnel to accept TDY missions, and the need to maintain high morale, we suggest that the DCI establish a policy that will provide fair and reasonable reimbursement for employees who innocently suffer financial loss during TDY assignments.

Appeal Process

Of 143 claims settled by the HCRB in 1980, seven were appealed to the DDA. While we find this five percent appeal rate reasonable, we believe the overall appeal process should be improved.

Appeals are reviewed essentially by the same people who judged the original claim, leading some to question whether the appellant can get a fair second hearing. As one board member put it: "Most people submitting a claim for reconsideration assume the involvement of a disinterested party, since this is the basis of the appellate process. The only time this really happens now is when a claim reaches the OIG level." To allay doubts about the fairness of the appeal process and to ensure that appeals are perceived as getting maximum attention, we suggest that:

- the entire board, sitting as a group, review appeals dealing with claims under \$5,000.
- the DDA determine whether the board should continue to review appeals involving more than \$5,000, since all the members ruled on original claims in this category. The designation of one or two alternate board members whose duties would be limited to hearing appeals exceeding \$5,000 would provide the necessary "new blood" to defuse any charges of predisposition by the regular board members.
- a senior officer other than the DDA, possibly the DDCI, be named the reviewing authority on appeals involving more than \$5,000, since the DDA is the final authority on all original claims in this category.

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The regulation states "The grounds for appeal must be set forth fully and any new evidence submitted." We find that both claimants and those adjudicating claims can interpret the term "new evidence" too narrowly. Some adjudicators believe that an appeal must contain new facts or clarification of existing facts to be valid. Employees at times are reluctant to press their claims further because they do not have any new evidence per se. Yet we find that in many appeal cases, and particularly those that reach the OIG level, the crux of the issue is not the facts but how those facts were interpreted. We do not agree the regulation was meant to be applied this narrowly. We suggest that HR [] be expanded to list specific grounds for appeal and make clear that new evidence is not the only basis for reconsideration of a claim.

The board chairman is critical of the OIG role in the appeal process. He maintains OIG representatives take a more "humanistic" approach and concentrate on finding loopholes in favor of the employee. The board he points out, lacks the time and manpower for such in-depth investigations and operates within the criteria established by the regulations. OIG inspectors he adds, frequently ignore the board's criteria or go beyond them in arriving at their recommendations. This use of different criteria he says, undermines the board's authority and may result in more employees appealing to the DCI in hopes of reversing the board's decisions.

The inspectors use the same regulations and procedures as the board in their investigations. The difference in conclusions—and the conclusions are not always different or in favor of the appellant*—usually arises from interpretation of the facts or new information developed in the course of the inspector's investigation. This is

*Five employees submitted claims appeals to the DCI during CY-80. In two instances, the OIG uncovered new evidence which allowed the board to reverse itself in favor of the employee. In one instance, the DDCI upheld the recommendation by the OIG to deny the claim. In another instance, the DDCI approved the OIG recommendation but authorized more money for the claimant. In the fifth case, the OIG agreed with the board's denial but the DDCI authorized full payment.

consistent with the regulation, which describes investigation as "the most important and critical phase" of claims work and states that "the investigative process must be sufficiently broad and thorough to ensure that the interest of both the United States and the claimant are fully protected."

Whereas most board members agree that an employee should have the right to appeal his case to the DCI, they have some reservations about the way this is done. The members recognize that an inspector assigned to a claims case is able to investigate matters in greater depth than the claims review officer and perhaps uncover new facts or extenuating circumstances that were not available to the board. When the inspector proposes reversing or modifying the board's decision, the members would like to meet the inspector involved before the case is forwarded to the DCI. If the inspector's conclusions clearly warrant a reversal, the board would amend its decision thereby obviating DCI involvement. This has been done occasionally, but board members would like to see the practice formalized. Even if the board did not accept the OIG findings, it could benefit indirectly by being exposed to a different interpretation of the facts or new ones developed by the inspectors. Conversely, a discussion with the board might bring to the inspector's attention points which he overlooked. We agree this request is reasonable and constructive. A representative of the Inspector General will meet with the board chairman to make the necessary arrangements.

Several board members believe that a DCI acceptance of an OIG recommendation that reverses or modifies a board finding often constitutes a reversal of policy rather than a simple exception to the board's action. The board they point out, is placed in a difficult position when it must adjudicate claims by rules which are reversed on appeal but never changed. We suggest that when the board believes a DCI or DDA reversal of its decision constitutes a policy change, it request a ruling from the DDA. If the DDA concurs, the regulation should be amended promptly.

Board Membership and Procedures

None of the members, including the chairman, are serving on the board by choice: the DDO representative was appointed, while others found the duty came automatically with the positions they occupy. Several members questioned the wisdom of filling board positions in so fixed a manner. For one thing, this practice results in a perpetual preponderance of Directorate of Administration (DA) officers, as all but the DDO representative are support service careerists. This trend presents no problems now, according to one board member, because most members have overseas experience. But with overseas opportunities for DA personnel decreasing, future appointees with support backgrounds might not have the same breadth of experience. We agree and suggest that directorates select future board representatives against established criteria. Such criteria should include a willingness and interest in serving on the board, familiarity with operational realities and overseas living conditions, common sense, and a demonstrated capability for even-handedness and fairness. We also suggest that the DDS&T and the D/NFAC broaden the scope of the board's experience by selecting HCRB representatives from senior officers of their own career services.

The claims board sits infrequently as a group, a fact that evokes mixed feelings among the board members. They appreciate that meetings are kept to a minimum. They also believe that the present sign-off system works well in most cases, that they receive sufficient documentation with the claims review officer's recommendation to make a reasoned decision without the benefit of group discussion. Nevertheless, several members worried that the board was becoming too mechanical, that they should exercise more independent judgment and not rely so heavily on the claims review officer and board chairman. Several thought the current sign-off system often resulted in the members functioning more as individuals than a collegial entity.

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We also share these concerns, primarily because they could foster the impression that the board is rubber-stamping the claims review officer's recommendations rather than deciding cases on merit. The current sign-off system is adequate for the majority of cases, which involve simple computations applied against category payment limitations. But we would like to see more frequent meetings in general and greater board attention in cases that involve the more subjective areas of claims work. We suggest that the board as a group routinely review all claims that the chairman recommends be denied because they are not incident to service, there are indications of negligence, possession does not appear reasonable and proper, or they do not qualify for multiple claims. This, together with our earlier proposal of an expanded appellate powers, would foster greater interaction and permit board members to apply collective wisdom to the most controversial areas of claims work. We hope too that by involving the full board early-on in controversial claims, there would be fewer appeals.

We think the board would be strengthened if new members received a complete briefing on their responsibilities, the philosophy and scope of the board, the major legal considerations involved in claims work, and the "unwritten" rules that so often influence the deliberations of any board. Several members indicated they received little or nothing in the way of a formal introduction to their duties. They learned "by osmosis," and several say they may rely too heavily on the recommendations of the claims review officer and chairman. We suggest that board procedures and policies be codified to ensure long-term consistency in claims adjudication.

Board-Component Coordination

Board members and component managers hold differing perceptions of the claims system. Board members believe that the field and component managers routinely endorse all claims because they have nothing to lose. If the claim is approved, management is

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viewed as supportive. If the claim is denied, the board rather than management is cast as "the heavy" in the employee's eyes. Component managers counter that they approach claims matters from a broader perspective, with operational factors, morale, and overall equity foremost in their minds. They believe the board sometimes fails to appreciate or fully consider the special circumstances detailed in some claims.

We are concerned that little has been done to remedy this situation, which can only be described as counterproductive for the claims system and the Agency as a whole. This gap in understanding should be closed; constructive dialog would seem to be the logical solution. We suggest that the HCRB and component chiefs of support meet once or twice a year for discussion and exchange of views on claims matters. We also suggest that when the board plans to reject a claim, it discuss the issues with the component support officer before making its final decision.

Annual Report

We suggest that the HCRB submit an annual report to the DDA at the end of each fiscal year. The facts and figures for such a report exist, but in scattered form. The board keeps one set of figures for the cases it has handled.

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this figure decreasing measurably, a comprehensive record of claims settlement costs should be available to management.

Training

The burden of advising overseas employees on their claims falls on support officers and operational support assistants (OSAs). A number of people however, complained of being given poor or inaccurate advice about entitlements and claims preparation. As a

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result, employees belatedly file claims after they return from overseas assignments and about 40 percent of all claims filed are delayed because the original submissions are incomplete. Several people suggested that a standard claims form might help minimize preparation errors. We believe the board should investigate this possibility, since the current checklist detailing the steps involved in preparing a claim apparently is not doing the job in many instances.

The crux of the problem is inadequate training. The Office of Training and Education's Field Administration Course for support personnel includes a briefing by the claims review officer. But this briefing is basically an overview of the system rather than a nuts-and-bolts primer on how to prepare a claim. Moreover, higher-graded support officers normally do not attend the course and are expected to master the claims system on the job. Thus, the lower-graded OSAs who administer smaller installations receive only a limited briefing and the higher-graded officers who staff our larger posts and serve a greater number of people get virtually no training.

We suggest that the DDA establish a program to ensure that support personnel are adequately trained to assist overseas personnel in the preparation and submission of claims. We also suggest making the logistics officer of every component the focal point for claims training. He would brief outgoing support personnel on the intricacies of the system and school them in the preparation of claims. He would also answer field queries and update visiting support officers on claims developments.

The Department of State shortly will issue a handbook to assist administrators and employees in submitting claims. In addition to practical advice on preparation, it will detail many of the "unwritten" ground rules applied in adjudicating claims. The Department claims officer said issuance of the handbook is expected to improve consistency and compliance within the system and better educate employees on the intricacies of claims adjudication.

We brought this to the attention of the board chairman, noting that Agency support personnel and employees would benefit from a similar manual. We would suggest however, that the format be kept simple,* that the emphasis be on helping personnel understand and interpret the more difficult subjective areas of the claims process. This would require codifying the unwritten factors that may influence board decisions and providing the best possible definitions of the key, and most subjective, areas in claims adjudication—incident to service, negligence, whether possession is reasonable and proper for the assignment, and multiple claims. Examples should be used freely for clarification.

The board chairman has tasked the claims review officer with drafting a handbook.

*We read a draft of the Department of State manual and found it too formal and stiff to be effective. Simple language, stated in layman's terms with supporting examples, is called for.

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Education of Employees

It is important that employees be fully aware of their entitlements under the claims system. It is equally important that they be aware of the limitations of the system so they can avoid disappointment and financial loss. Past efforts in employee education have been sporadic and for the most part inadequate. As a result, many employees, including some with years of overseas experience, either have no or only a vague understanding of the claims system.

The board chairman, recognizing this fact, is working to correct this situation. Central Processing Branch (CPB) of the Office of Personnel has been made the focal point for briefing outgoing personnel. A special brochure (see Tab A) has been prepared for overseas departees which provides highlights of the claims system and lists the major category limitations. The claims review officer regularly addresses overseas orientation classes and is available to brief special groups upon request. The special brochure handed to employees by CPB encourages people to contact the claims review officer if they have additional questions.

Despite these positive steps, there is room for improvement. We discovered that the CPB personnel tasked with briefing outgoing personnel had not been briefed themselves. As a result, the quality of information available to departees has varied considerably. We brought this to the attention of the Chief of Central Processing and arranged for a briefing.

It is also important that an employee's spouse be familiar with the claims system. Overseas orientation courses are a step in the right direction, but the number of dependents who attend these briefings varies. A way to reach more spouses is through Office of Personnel's newly formed Family and Employee Liaison Office (FELO). We suggest that components encourage or require spouses of all employees assigned overseas to visit the FELO for information on the claims system.

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Central Processing Branch and FELO employees believe the special HCRB brochure on claims should be augmented by a question-answer handout focusing on the major questions employees ask after reading the brochure. They point out that many employees are so harassed and preoccupied with their processing that they fail to comprehend or ignore the advice given them during formal checkout sessions. We agree.

Insurance

After talking with employees and spouses who have received briefings, it is clear to us that many have difficulty absorbing the complexities involved in insurance. Most people responsible for briefings shy away from offering advice because they do not regard themselves as qualified insurance specialists. Yet advice is what most employees want. Several commented that whereas the briefings they received alerted them to the issue, "no one really pulled it together." They recognize the final decision on insurance is their personal responsibility, but they want their options packaged as concisely as possible. The booklet "International Insurance for the Federal Employee" (see Tab B) provides a comprehensive review of the insurance picture. But many people find the contents difficult to digest and in some instances comprehend, particularly when pressed for time.

While acknowledging the view that an organization can only "spoon feed" employees so much, we agree there is a need to "pull together" the basic options for employees so they may make the wisest decision. Given the complexities, it is not enough to provide the employee with information: it should be distilled so they can use it to their advantage. This point was driven home to several of the inspectors who, despite years of experience and overseas tours, learned from this study that they have unnecessarily insured certain items or absorbed losses over the years that were legitimately reimbursable under the claims system.

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To our knowledge no one has done a thorough analysis of the claims system and private insurance coverage that will enable the employee to easily determine his insurance needs. We learned that some employees need not obtain private insurance because they are adequately protected by the provisions of the 1964 Claims Act, but that others do indeed need additional private insurance to cover their property. We also learned that additional or supplemental insurance can be difficult to obtain. Most insurance companies insist on full coverage, pointing out they cannot make money insuring only high-risk items. When companies are willing to issue a policy for less than full value of the goods, it is often with special provisos that boost the cost or restrict reimbursement to a percentage of the value of the goods.

We believe it is important to eliminate employee confusion in this area. We also believe that this confusion can only be eliminated by someone familiar with insurance matters. We therefore suggest that the Director of Personnel be tasked with hiring an insurance consultant to evaluate the coverage afforded by the 1964 Claims Act and private insurance companies to determine the best set of options for employees. The results, in clear and concise terms, should be published in a special handout for employees being sent overseas. If entrusting this task to a private consultant is not feasible, we suggest that the claims review officer, in coordination with CPB and FELO, prepare a question-answer handout which focuses on major employee concerns regarding insurance and protection of their personal possessions.

We also believe that operating components should play a greater role in ensuring that employees—particularly those going on TDY—have been properly briefed. None of the components we surveyed do this now. We suggest that operating components, as part of the checkout process, routinely determine if travelers are familiar with their claims entitlements and the extent to which their personal belongings are protected by the government while they are on permanent or temporary assignment. Employees assigned

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to high-risk and high-crime areas should be counseled on the wisdom of leaving items with great sentimental or monetary value in safe storage.

The Agency, Department of State and military claims personnel we interviewed believe the majority of government employees rely totally on the protection afforded by the 1964 Claims Act and ignore recommendations that they carry private insurance to fully protect their goods. Apart from the complexity, confusion, and frustration involved in selecting the right type of insurance, private insurance is expensive, particularly for lower-graded employees. And several middle and senior officers noted that while the cost of insurance was within their means normally, they were forced to forego its purchase because they were financially strapped by other transfer expenses.

We wondered if it might be possible to overcome the cost problem and provide better overall coverage for employees goods through an Agency-sponsored program similar to the Agency's GEHA health plan. We were advised that the Army-Air Force Exchange Service (AAFES) recently introduced a plan called COMPAC for its civilian employees. The rates appear considerably lower than those currently offered by local international insurance brokers. The Chief of the Army Claims Service told us that COMPAC is still in the pilot stage. If it is successful (and the indications so far are positive), the Army will probably institute a similar plan.

We provided the Office of Personnel with the COMPAC brochure and asked if a similar program might be feasible for the Agency. They asked a private insurance broker to study the matter, but his findings had not been received at the time this report was written. We suggest that the Director of Personnel review the contractor's findings to determine if an Agency-sponsored household effects insurance program is feasible. We also suggest that the Office of Personnel consider coordinating with the Army Claims Service and the Department of State on the possibility of an overall government-sponsored program if the COMPAC pilot project proves successful.

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Option: A Restructured System

This chapter thus far has dealt with fine-tuning existing procedures to improve the claims system. Another approach would be to have all claims processed by the board secretariat and limit the board's function to hearing appeals. As noted earlier, the secretariat is already responsible for computing all claims and making recommendations on settlement. As matters now stand, the full board passes on less than 25 percent of the cases handled by the secretariat.

Concentrating the board's role at the appellate level would provide several benefits. First, it would cut the time involved in the processing of claims, one of the major complaints about the current system's multi-layered structure. Second, it would permit the board to concentrate its energies and expertise on the more controversial cases. Third, it would strengthen the appeal process by ensuring that a disinterested group not involved in the original settlement offer was injected into the system at the next level. We think, and the HCRB chairman agrees, that this idea has merit and may warrant a trial.

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Chapter 4

HEADQUARTERS SURVEY REVIEW BOARD

Background

The Headquarters Survey Review Board reviews reports of survey for the loss, damage, or destruction of Agency owned or controlled property that involve amounts in excess of \$1,000, and in any amount where an individual has been charged with pecuniary liability.

Authorities for the board are prescribed in HR Accounting for Lost, Damaged, and Destroyed Property. The bases for the regulation are various public laws which hold the head of each Agency responsible for establishing and maintaining adequate systems of accounting and internal control. Adequate accounting for property is important because public funds are invested in such resources. This investment obligates management to be able to account for the resources and to procure, use, and manage them properly and effectively.

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The board, which has the same members as the Claims Review Board, consists of a chairman, five members, two advisors, and a secretary. In accordance with HR whoever occupies the Chief, Plans and Programs Staff position in the Office of Logistics, serves as chairman. Likewise, whoever is assigned to the positions of Administrative Officer, Office of the DCI, and Special Support Assistant to the DDA are members. The other members are representatives of NFAC, DO, and DS&T. The two advisors are from the Offices of General Counsel and Finance. The secretary is appointed from the Plans and Programs Staff, Office of Logistics. The chairman spends about 5 percent of his time on board matters; the other board members spend less. An officer in the Plans and Programs Staff who works for the chairman spends about 10 percent of his time doing the administrative work of the board.

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The report of survey serves two major purposes: to support removal of property from accountable records; and to determine responsibility and pecuniary liability. They are initiated by individuals who are responsible for property that has been lost, damaged, or destroyed to obtain relief from responsibility or liability when other specific means of accounting are not authorized. Reports are mandatory if there is any evidence, possible indication, or question of negligence or unauthorized use of disposition; when normal methods are inadequate to fix liability; and in all incidents involving loss of firearms, explosives, pyrotechnics, ammunition, narcotics, or similar drugs, undenatured alcohol or alcoholic beverages, regardless of whether or not pecuniary liability is admitted.

The report of survey is reviewed by the appointing/reviewing authority (an individual authorized to appoint property accountable officers) to determine if a surveying officer should be appointed or if the responsible person should be held pecuniarily liable or relieved of responsibility. The appointing/reviewing authority may approve reports of survey involving amounts up to \$1,000 whether or not a surveying officer is appointed.

The authority to appoint a surveying officer also is vested in chiefs of overseas field installations, deputy directors, heads of independent offices, and the operating officials listed in HR all of whom may approve reports of survey of \$1,000 or less where no pecuniary liability has been assessed.

A surveying officer is appointed when it is not clear that all concerned should be relieved of responsibility or when the amount of the loss or destruction exceeds \$1,000. The appointing/reviewing authority reviews the statement of facts and recommendations of the surveying officer and refers those cases involving amounts in excess of \$1,000 and all cases when individuals are charged with pecuniary liability to the Headquarters Survey Review Board for further review and action.

25X1 The board receives an average of 10 reports a year but only a few of these meet the criteria set forth in HR or board review. The remainder are returned to the appointing/reviewing authority for final action. The board seldom meets as a body on any of the reports. In the two cases the board was required to review in 1980, the recommendations made by the surveying officer and the chief of the installation were forwarded to the individual board members and advisors for their concurrence. Although the board is not bound by the surveying officers' recommendations, it seldom finds reason to differ with them. The board is required to send its findings to the DDA for final decision when there is not unanimity in its decision and when the survey involves amounts over \$5,000.

An individual held pecuniarily liable under a report of survey is advised in writing that an appeal may be submitted within 60 days. When the liability involves \$1,000 or less, the appeal is made to the Headquarters Survey Review Board and if denied then to the DDA. If the liability exceeds \$1,000, appeals are made directly to the DDA. A final appeal may be made to the DCI through the Inspector General.

Findings and Conclusions

The procedure for processing surveys appears to work effectively and efficiently. Primarily the board reviews reports from field installations which must include recommendations by the surveying officer and the chief of the installation. Although not bound by their recommendations, the board seldom overrules the recommendations of surveying officers and chiefs of the installations because of firsthand information available to them. Given these circumstances the board finds it difficult to attribute negligence or pecuniary liability in most of the cases and normally gives the individual the benefit of the doubt.

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The board receives several reports each year of accidents involving government automobiles. Most of these reports are returned to the sender for local resolution unless negligence resulting in pecuniary liability is involved.

The Agency has a large amount of property in numerous locations throughout the world. The property accountability system is active; a large number of transactions are recorded each year. We were concerned about the possibility of property being dropped from records without proper authority and made inquiries into this matter. We are assured by our Audit Staff that its tests of records in the field and at Headquarters should detect any significant abuse.

The Headquarters Survey Review Board is the least active of those we reviewed. Is the board still necessary? We think so. Its very existence should serve as a reminder to employees that proper care must be given to government property.

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Chapter 5

BOARD OF REVIEW

Background

The Board of Review, more popularly known as the "Board of Shortages and Losses," was established in 1958. It recommends to the Director of Finance action for settling cases that involve overages or shortages of Agency funds or debts due the Agency. It also recommends changes in Agency regulations and handbooks and suggests corrective actions to be taken to avoid future discrepancies in funds.

Authorities for settling shortage and overage cases are prescribed in HR Settlement of Accounts Involving Shortages or Overages of Agency Funds. The basis for this regulation is Public Law 80-321 dated 1 August 1947, 61 Stat. 720, 31 U.S.C. 82a-1 which defines the conditions under which the General Accounting Office may relieve a person of responsibility for the physical loss or deficiency of Government funds. Under the Agency's authorities in the CIA Act of 1949, as amended, a shortage or overage of Agency funds involving activities that requires security protection may be settled by the Agency without regard to any other provisions of law or regulation. The Federal Claims Collection Act of 1966 and implementing standards and regulations are the basis for HR Collection and Settlement of Debts Due the Agency. They provide that the head of an agency shall attempt to collect debts due the Government, but may settle debts that do not exceed \$20,000 by compromise or write-off. As in HR cases involving security or cover protection may be settled by the Agency unless they are required to be turned over to the Attorney General.

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Board membership, as specified in HHB consists of representatives of the Office of Finance, General Counsel, Audit Staff, Special Support Assistant to the DDA, and Office of Security. Although not required, a representative of the DO is also a

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voting member of the board. The OF representative is the board chairman. If a case involves a directorate or independent office that is not represented by the above members, then an additional member from that directorate or independent office must be present when that case is considered. Each member, other than the chairman, has an alternate. A quorum consists of the chairman and two other members, one of whom must be from the directorate or independent office responsible for the case being considered. The chairman spends about ten percent of his time on board matters; the other members two to three percent. An OF secretary assists the board and also is secretary for the Overpayments Review Board. She devotes nearly all of her time to these two boards. The Director of Finance estimates that five percent of his time is spent on shortage and overage matters.

The Board of Review meets at the discretion of the chairman. Prior to each meeting, the secretary prepares and distributes a folder for each member containing the facts about each case to be discussed. She keeps minutes of each meeting and circulates them to each member for approval or comment. The Director of Finance, taking into consideration the board's findings and recommendations, makes the final decision on cases up to \$1,000 or recommends a decision for DDA consideration on cases over \$1,000 up to \$5,000. The component having responsibility for the case is notified in writing of the decision and instructed to so notify the employee and to collect in cases where the employee was held pecuniarily liable.

Most cases reviewed by the board concern overages or shortages of cash at DO field stations and lost or stolen Agency funds. The responsibilities of cash custodians are clearly spelled out in Agency regulations, as are the procedures for handling and accounting for funds. The board's primary function is to review the cases referred to it by the Director of Finance and determine whether:

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- the responsible individual was acting in the discharge of his or her official duties when the shortage or overage occurred; or
- the shortage or overage occurred because of the act or omission of a subordinate of the responsible individual; and
- there was negligence or fault on the part of the responsible individual.
- the responsible individual should be held pecuniarily liable for or granted relief from any shortage charged to him or her.
- the case involves activities which in the national interest require security or cover protection.
- the case presents a question as to violation of the criminal provisions of the United States Code.

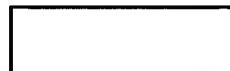
When the number of cash transactions the Agency makes each day and the problems in paying agents in unusual jobs in unusual places are considered, the Agency's record on shortages and losses of its funds is remarkably good. Losses both in dollar amounts and percentage amounts are only a small fraction of the total funds handled. At the end of



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than \$500 and about 50 percent are less than \$300. Almost all recent overage cases have been less than \$300.

*Includes one case for \$4,762 (Africa Division) and one for \$3,000



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**This is a higher than normal caseload that accumulated during a six month underlap of board chairmen when the former retired in 1980.

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Findings and Conclusions

Operations Support Assistants

The majority of the board's cases in recent years involve Operations Support Assistants (OSAs), primarily in the Africa [REDACTED] B&F officials in these divisions attribute this to the fact that the more competent OSAs do not apply for assignments to a relatively large number of undesirable posts or where benefits associated with overseas service are not available.

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property management and staff communications; who can handle logistics, personnel and security activities; who can do secretarial work; who understands DO operations; who in

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acting COS or COB. The OSA position typically is graded at the GS-07 and GS-08 level, although a few hold grades above and below this level.

We talked with many Headquarters employees whose jobs relate in varying degrees to the work done by OSAs: Office of Finance personnel; DO area division B&F officers; Audit Staff auditors; DA management; past and present board members; and OT&E Field Administration Course instructors. The common theme we heard was that OSAs have an often unique and vital role in station or base activities and that they are underpaid for their responsibilities. We also heard of the difficulty in attracting and retaining competent personnel to fill OSA positions.

The Office of Personnel and DO management are aware of the concerns about OSAs and are working to make improvements. Position Management and Compensation

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Division (PMCD) of the Office of Personnel recently reviewed OSA positions and concluded that many are undergraded. A recently drafted classification standard for OSA positions, if approved, will establish grades generally at the GS-09 level with some at GS-08. We endorse this standard and encourage its implementation on a timely basis. The existing concept of having a "rover" OSA at the GS-II level to assist in opening new stations or bases or to fill in as needed provides additional growth possibilities for those who choose this career path. In the future, associating the senior levels of OSA work with the MG (support generalist) career service may provide an additional path from clerical to professional ranks.

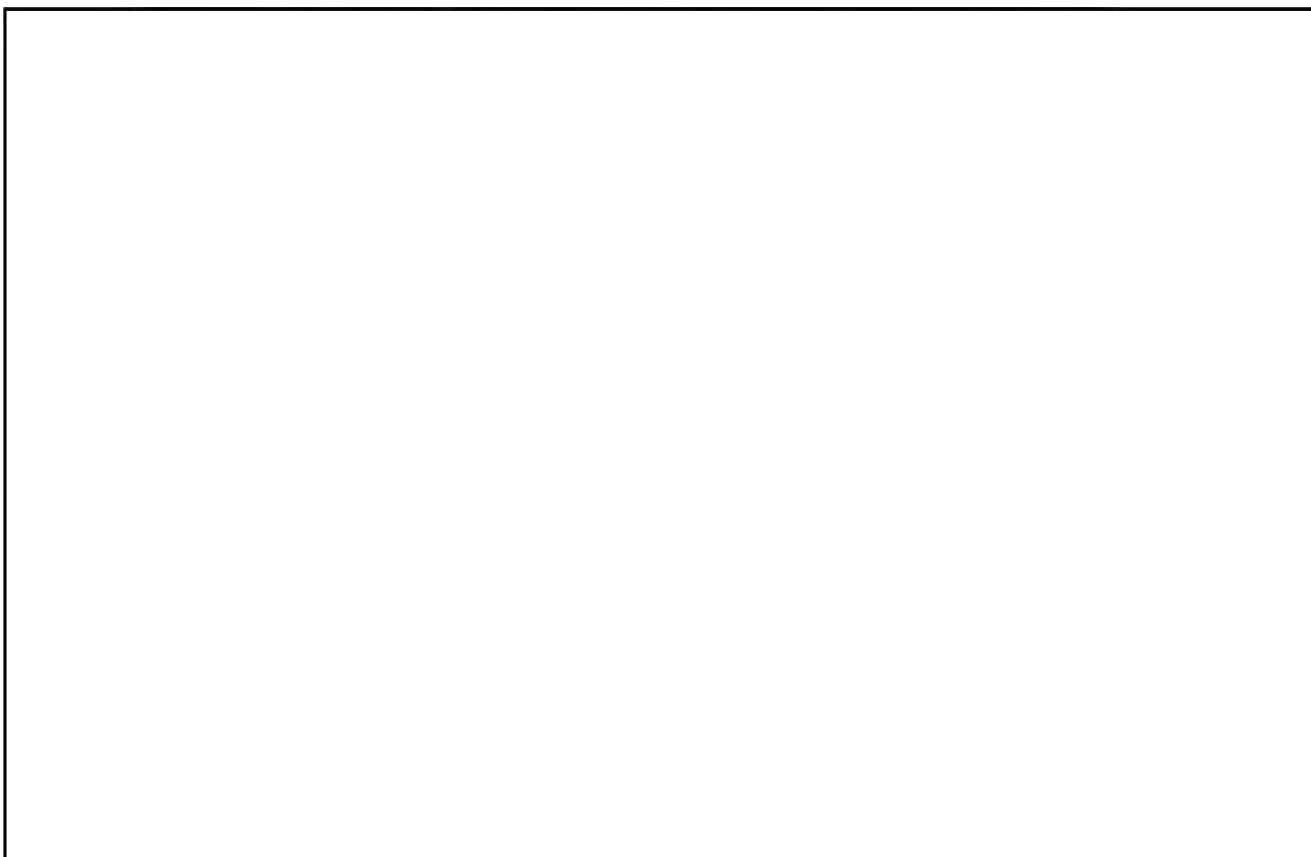
Cash Shortages or Overages

Most persons we talked with believe that cash discrepancies may be attributed to lack of adequate training for cash custodians and inadequate attention to prescribed procedures by supervisors. Several steps have been taken or are being planned to reduce these discrepancies.

- The Field Administration Course was extended from three to four weeks in September 1980 with three days being added to the financial portion of the course. This course is well run and provides excellent training for OSAs. The instructors' evaluation of the students is an important consideration in selecting and assigning OSAs. We suggest that no new OSA be given cash custodial responsibilities who has not taken and passed this course.
- Each DO area division gives the outgoing OSA some training within the division, but the amount varies and is sometimes dependent on the availability of time. There have been OSAs who have failed the Field Administration Course and whose budget and fiscal (B&F) officers have recommended against a field assignment, but they were sent anyway because no one else was available or would accept the assignment. In at least two cases, cash discrepancies occurred. We suggest that area division B&F officers certify to the Director of Finance the suitability of an OSA to be a cash custodian.



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- The board chairman is seeking ways to automate records of board activities. One objective is to determine whether the subject of a case has been involved in previous discrepancies.

Charter, Procedures and Definition of Terms

We found that the current board members' diverse backgrounds and perspectives provide a balance to the adjudication of cases. What we found missing, however, are written philosophies, policies, guidelines for decision making, and definitions of terms to ensure consistency in rulings from year to year. Without these, the board can easily take on the character of its most dominant member or make decisions based primarily on personal experience. As members change so can the consistency and continuity of board decisions. We suggest that the Deputy Director for Administration take the action necessary to have a charter for the Board of Review written and to establish procedures, philosophies, and definition of terms for board use. These should be added to the appropriate Agency regulations and handbooks and made available to all employees.

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Headquarters Writeoff Authority

Existing regulations authorize chiefs of station and base to write off up to \$100 in accounts other than their own. No comparable authority exists for Headquarters operating officials—all shortages and overages must be reported to the Director of Finance who, in turn, assigns them to the Board of Review. Senior officials in the Office of Finance believe that Headquarters operating officials should have the same writeoff authority as chiefs of station and base and we agree. We suggest that the Director of Finance revise HR ☐ to authorize Headquarters operating officials to settle shortage and overage cases for amounts through \$100 in accounts other than their own.

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Chapter 6

OVERPAYMENTS REVIEW BOARD

Background

The Overpayments Review Board, established in 1970, investigates employee requests for waiver of cash refunds due the Agency because of administrative errors made in pay or allowances. The requests are made to the Director of Finance who refers them to the board for a recommendation of approval or disapproval. The board tries to establish the reason and circumstances for each erroneous payment, the date it was discovered, and corrective action required to prevent similar erroneous payments. The board determines whether there is any indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or any other person having an interest in obtaining a waiver.

Authorities and procedures for settling overpayment cases are prescribed in HR ☐ 25X1

25X1 ☐ Waiver of Claims for Erroneous Payments. The bases for the regulation is 5 U. S. C. 5584(a) and Public Laws 90-616 and 92-453. These laws provide that a claim of the United States against an employee of an executive agency arising out of an erroneous payment of pay or allowances may be waived in whole or in part if the collection of which would be against equity and good conscience and not to the best interest of the United States.

Board membership consists of one representative each of the Director of Finance, General Counsel, Director of Personnel, and Chief, Audit Staff. The representative of the Director of Finance is designated chairman; a secretary from the Office of Finance

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is named by the chairman. The function of the board is to investigate the cause of each overpayment and to ensure that the facts considered in each case meet the criteria established by the Comptroller General of the United States and the General Accounting Office (GAO). The chairman spends about ten percent of his time on board matters; the other members two to three percent. The secretary, who also is secretary to the Board of Review, devotes nearly all her time to both boards. The Director of Finance estimates that less than five percent of his time is spent on board matters.

The Agency and the GAO signed a Memorandum of Understanding in March 1977 which governs the method by which claims against Agency employees for erroneous payments of pay would be waived and the results reported to GAO. For claims of erroneous payments of pay and allowances made from non-DCI - certified funds, the Director of Finance may waive a claim which does not exceed \$500. If the identity of the employee can be revealed and the facts disclosed without revealing classified matters or sources and methods, the Agency will follow established procedures and refer cases which exceed \$500 to the GAO for resolution. If disclosure of the employee or facts of the case would disclose intelligence sources and methods, the Agency will use a John Doe numbering system to refer the case to GAO (In fact, all cases referred to GAO use a John Doe numbering system). When the overpayment was made from DCI - certified funds, the Agency will dispose of requests for waiver on the special authority of the DCI without recourse to the GAO regardless of amount. The DCI in turn delegated authority to waive a claim for recovery aggregating not more than \$500 to the Director of Finance, from \$500 to \$5,000 to the DDA and for amounts which exceed \$5,000 to the DDCI.

The Overpayments Review Board meets at the discretion of the chairman. Prior to each meeting, the secretary prepares and distributes a folder for each member

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containing the facts about the cases to be discussed. She keeps minutes of each meeting and circulates them to each member for comment or approval. Recommendations are made to the Director of Finance who acts in accordance with the previously described agreement with the GAO. The employee is notified of the decision through his component. An annual report of the activities of the board is submitted to Agency management.

Over the past several years the board has received an average of 23 new cases a year. There appears to be no pattern to the situations which led to the overpayment. A sampling of the reasons for the overpayment would include: salary based on wrong grade or step; insurance premiums not withheld; erroneous computations; and allowances paid in excess of amount authorized.

In examining the facts in each case, the board places great emphasis on whether or not the employee could or should have known about the overpayment and what was done about it. According to annual reports of board actions for the past four years, an average of 21 cases were settled with repayment waived or partially waived in an average of 17 cases totaling about \$20,000 and denied in an average of four cases totaling \$9,000. The board tends to accept an employee's statement that he did not know he was overpaid. There were 14 cases in process at FY year end in 1980.

Findings and Conclusions

The board is effective in getting its job done. There was a backlog of cases for a time after the former chairman retired and before a new chairman was named but, according to the secretary of the board, the backlog is cleared. All pending cases have been submitted.

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Incomplete Information

Office of Finance personnel report that incomplete information and delays in receiving information contribute to the overpayments problem. Information must be furnished by the component and the Office of Personnel. For example, dates of arrival and departure from a field station are needed to compute various allowances accurately. To the extent that these dates are not available, the employee may be underpaid or overpaid. The problem of incomplete information is one that can be alleviated by better communications among concerned components. The Office of Finance is making an effort in this area but faces a formidable task in trying to maintain current information on the whereabouts and entitlements of thousands of employees so that each may receive a correct payment on a timely basis.

Most field stations electronically report time and attendance data each pay period via the Electronic Time and Attendance Report System (ETARS). The procedure works well and basic data is transmitted and acted upon promptly. We suggest that the Director of Finance explore the possibility of modifying ETARS so that other data pertinent to pay and allowances also can be transmitted electronically for timely action.

Training

Payroll technicians contribute to the problem of incorrect payments of pay and allowances. Most of the technicians are inexperienced and many are working at their first full-time job. Office of Finance officials estimate that about twelve months on the job training is required before a technician becomes adept at payroll work. Unfortunately there is an annual turnover rate of about 70-75% for these relatively low-graded employees. People leave because they are shopping for a better job, become pregnant (most technicians are female), or find themselves unsuited for payroll work.

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Although management recognizes that training is important, Compensation Division (the component within Office of Finance responsible for administering pay and allowances) does not have a designated training officer. Because of the stresses resulting from high turnover rate of personnel, the need to do much of the work manually and the deadlines associated with a two-week pay cycle, there is little opportunity for training. Yet the absence of training contributes to the stress as new procedures and increasing requirements to provide information bring about additional problems. For example the procedures which allows employees to work 80 hours flexitime work periods create problems which need to be overcome. Employees need to be trained to cope with new requirements. We suggest that the Director of Finance establish a training program in Compensation Division and appoint a training officer.

Charter, Procedures and Definition of Terms

As with the Board of Review, we found that the current board member's diverse backgrounds and perspectives provide an agreeable balance to arrive at good recommendations. Again we found missing the written philosophies, policies, guidelines to assist in the decision making process, and definition of terms to ensure consistency in rulings from year to year. Without these, the board can take on the character of its dominant member or make decisions based on personal experience. As members change so can the consistency and continuity of board decisions. We repeat our suggestion that the Deputy Director for Administration take the action necessary to have a charter for the Overpayments Review Board written and to establish procedures, philosophies, and definition of terms for board use. These should be added to the appropriate Agency regulations and handbooks and made available to all employees.

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Appeals

The regulations do not provide for an appeals process in the event an employee is dissatisfied with the recommendation of the board and the decisions based on these recommendations. On occasion, employees have appealed a denial of a request for waiver of the overpayment. The same board then meets to reconsider its recommendation but if no additional information is provided, the original recommendation stands.

Personnel who deal with overpayments have mixed views about whether there should be an appeals process. Some believe that every person should be advised of his right to appeal. Others believe that board recommendations and Office of Finance decisions should stand. One official was concerned that an employee could have use of government funds for an extended period merely by seeking a waiver or appealing an obviously erroneous overpayment. For the reasons discussed in Chapter 2 on General Observations and expanded upon in Chapter 3 on the Claims Review Board, we suggest that each employee be advised of his opportunity to request a waiver of the overpayment and of the appeal process if the waiver is denied. We are confident that appropriate terminology can be developed for the regulations which will obviate most frivolous requests.

Time and Attendance

The Time and Attendance (T&A) reporting system, one of the most important fiscal and personnel activities in the Agency, is a prime source of payroll discrepancies and erroneous payments. Most problems stem from assigning responsibility for administering this complex system to clerical personnel who often lack the aptitude, experience, and training to handle the work. There is also the Agency's short payroll cycle, which clashes

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occasionally with operational deadlines. The result is projected figures which lead to overpayments and confusing financial adjustments. Supervisors can be lax in overseeing the final product and some create errors by incorrectly advising the T&A clerks about proper procedures.

Management is attempting to improve the situation. Procedures now require supervisors to certify all T&A cards and to increase supervisory responsibility for the accuracy of the information. T&A workshops are held regularly for employees to provide a basic understanding of the system and some familiarity with the 19 different reporting procedures.

In addition to these fine-tuning measures, the Offices of Finance and Data Processing have commissioned a study team to look into ways to improve the payroll system. The team is expected to complete its work in October 1981.

Systemic Overpayments

The foregoing discussion centered on the work of the board. We found however that there are 300-400 cases of overpayments a year most of which are resolved within the Office of Finance and do not involve the board or the General Accounting Office. Many are predictable but because of peculiarities of the system are difficult if not impossible to avoid.

- Overpayments occur when employees retire under the CIA Retirement and Disability System (CIARDS) program and military service time is used to determine their annuity. Since 1957, military personnel who contribute to both

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Social Security and Civil Service Retirement plans cannot use their military service time under both plans. As an annuitant approaches age 62 a determination must be made as to his eligibility for Social Security coverage. If the annuitant is eligible, then his Agency annuity must be reduced. The Agency requests information but frequently there are delays in receiving a response from the Social Security Administration. Several months may pass before an annuitant is advised of his eligibility thereby generating an overpayment which he then is requested to refund. If the amount due does not exceed \$500, the Director of Finance may waive repayment; otherwise, the Overpayments Review Board process is implemented. About 100 CIARDS annuitants are found eligible for Social Security benefits each year and are overpaid. Although the Office of Personnel has taken steps to avoid overpayments, continued slow responses from the Social Security Administration make it unlikely that there will be any significant reduction. We understand the problem exists throughout the government.

- Overpayments also result when dependents of deceased annuitants become ineligible for benefits. This is particularly true of the 18 to 22 year old dependents who, according to the law, must be in school for their benefits to continue. Procedures require a certification of attendance from the school. But the schools generally will not certify in advance that a student is there. According to prescribed procedures, if the surviving parent reports that the child intends to go to school in September, monthly payments may continue through the summer months. Frequently the child does not return to school and a refund must be obtained.

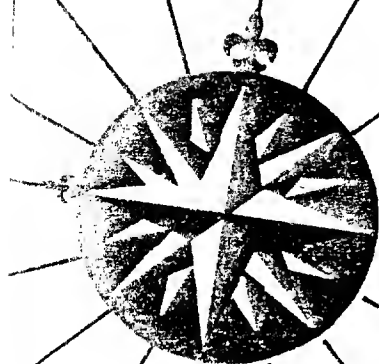
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Government Liability for
**Personal
Property
Claims**

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